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FOR IMMEDIATE RELEASE:

**OBSTRUCTION CASE CHARGED
IN AIG INSURANCE SCHEME**

PRESS RELEASE

Timothy M. Morrison, Acting United States Attorney for the Southern District of Indiana, announced that TIMOTHY HARCHARIK, 51, of San Leandro, California, was indicted by a federal grand jury sitting in Indianapolis for Obstruction of Justice, following an investigation by the Federal Bureau of Investigation and the U.S. Postal Inspection Service.

The indictment alleges that HARCHARIK was a risk manager who administered insurance needs for Brightpoint, Inc. a public company with its principal place of business in Plainfield, Indiana. In October 1998, Brightpoint issued a press release announcing it was going to lose between \$13 to \$18 million due to closing its operations in the United Kingdom.

Within weeks of issuing that press release it realized it would lose up to \$30 million on closing the UK operations.

In December, as it's fiscal year public audit was approaching, Brightpoint's risk managers, including TIMOTHY HARCHARIK, contacted AIG, an insurance company headquartered in New York, to see if AIG could provide it insurance for the UK losses that had not been disclosed in the October press release. The advantage of insurance was that any insurance recovery for Brightpoint would offset its losses in its income statement, while it could amortize the premiums over the life of the insurance policy. Within a matter of days AIG declined to provide insurance for those losses because the amount of the losses was too well defined, so there was no risk for AIG to assume. However, HARCHARIK and representatives of AIG worked out an agreement in which Brightpoint would pay AIG money, and AIG would pay Brightpoint's money back to Brightpoint, after Brightpoint submitted its UK losses to AIG under the guise of insurance claims. The agreement was thus really nothing more than a "round trip of cash." The agreement was commingled with an actual insurance policy to make the entire agreement appear to be insurance. When all the details of the agreement came to light after an investigation by the SEC, Brightpoint restated its earnings for 1998 treating the agreement as a round trip of cash and not insurance, thus negating any benefit of the agreement.

The indictment alleges that TIMOTHY HARCHARIK gave testimony under oath to the Securities and Exchange Commission about the agreement in which he obstructed the SEC's proceedings by misrepresenting or misleading the SEC about various aspects of the agreement, including when it was negotiated, why it was negotiated, and what its terms were.

According to Assistant United States Attorney Winfield D. Ong, who is prosecuting the case for the government, HARCHARIK faces a maximum possible prison sentence of 5 years and a maximum possible fine of \$250,000. HARCHARIK will have an initial hearing scheduled before a United States Magistrate Judge in Indianapolis.

The indictment is an allegation only, and the defendant is presumed innocent unless and until proven guilty at trial or by guilty plea.

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